

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6859**

**BILL NUMBER:** SB 201

**NOTE PREPARED:** Feb 26, 2007

**BILL AMENDED:** Feb 1, 2007

**SUBJECT:** Medicaid Pharmacy Survey and Preferred Drug List Report.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:** Rep. C. Brown

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill changes the timing from twice per year to one time per year for the Drug Utilization Review Board report concerning the preferred drug list (PDL) for Medicaid recipients made to the Select Joint Commission on Medicaid Oversight.

The bill also repeals provisions requiring the Office of Medicaid Policy and Planning (OMPP) to conduct a survey of pharmacy providers to assess the appropriate level of pharmacy dispensing fees.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** (Revised) *Summary:* This bill is estimated to result in state General Fund savings of \$143,500 in the upcoming biennium.

*Background:* The bill changes a requirement for the preparation of a report on the Indiana Medicaid preferred drug list (PDL) for submission to the Select Joint Commission on Medicaid Oversight from twice per year to only once. The Office of Medicaid Policy and Planning reports that the annual cost of producing the PDL report once each year is approximately \$56,000. This estimated cost does not include the OMPP staff time required to monitor the production and analysis of the reports. Reducing the number of reports would result in an approximate annual General Fund savings of \$28,000 and federal savings of the same amount.

The bill also repeals a provision that requires the OMPP to conduct a biennial survey of the Medicaid pharmacy providers to determine an appropriate amount for the pharmacy dispensing fee. OMPP reports that the survey is currently conducted by a contractor at a cost of \$175,000. Eliminating the requirement for the survey would result in a state General Fund savings of \$87,500 every two years. Federal savings would be

\$87,500 as well. (The Medicaid fee-for-service pharmacy dispensing fee is currently \$4.90 per legend drug prescription.)

The Medicaid Program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

**Explanation of State Revenues:** See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Office of Medicaid Policy and Planning.

**Fiscal Analyst:** Kathy Norris, 317-234-1360.